

Iraq Weekly Status Report

May 14, 2008

**Bureau of Near Eastern Affairs
US Department of State**



TABLE OF CONTENTS

| | |
|--|----|
| HIGHLIGHTS | 3 |
| POLITICAL | |
| • Governance & Legislation | 4 |
| • Provincial | 6 |
| SECURITY | |
| • Situation Update | 11 |
| • Security Transition | 13 |
| ECONOMIC | |
| • Economic & Government Capacity Update | 16 |
| • Oil | 18 |
| • Essential Services | 20 |
| • Economic Indicators | 26 |
| DIPLOMATIC | |
| • Economic Engagement | 29 |
| • Political Engagement | 30 |
| • Coalition | 31 |
| Notes, Source Citations and Contact Information | 32 |



HIGHLIGHTS

- Representatives from Muqtada al-Sadr's movement and the Iraqi government agreed to a cease-fire May 10 aimed at ending violence in Baghdad's Sadr City neighborhood. **(POLITICAL, page 5)**
- After initial violence, the cease-fire between the GOI and Sadrists appeared to hold. **(SECURITY, page 11)**
- Iraq's Minister of Planning and Development Cooperation called for strong economic activity to stimulate business, including a 20-year plan for the economy. **(ECONOMIC, page 16)**
- The GOI is negotiating its sixth oil contract, which would involve increasing production at the Luhais oilfield located in southern Iraq. **(ECONOMIC, page 19)**
- Iraq's Ambassador to the United States said that his country is doing more to pay for its reconstruction and security. **(DIPLOMATIC, page 29)**
- The GOI pressed the US and Iran to commit to new round of talks on Iraq's security. The US is prepared for the talks, provided that Iran stops supporting Special Groups. **(DIPLOMATIC, page 30)**



POLITICAL - Governance & Legislation

Anti-Corruption Efforts Continue:

- Responding to recent claims of inadequate anti-corruption efforts, Deputy State Department spokesman Tom Casey told media the administration takes the issue of corruption in Iraq seriously and noted that the recent appointment of Amb. Lawrence Benedict as coordinator for anti-corruption initiatives at Embassy Baghdad "is another demonstration that we are working at very senior levels to help the Iraqis deal with this issue...Any assertion that we have not taken this issue seriously or given it the attention it deserves is simply untrue." Arthur Brennan, briefly the former head of the State Department's Office of Accountability and Transparency (OAT), and his former chief of staff James Mattil, told Congress May 12 that their office was understaffed and its recommendations about corruption in the GOI were ignored by the administration.

Civilian Contractor Court-Martialed:

- The US military issued a court-martial May 11 for civilian contractor Alaa Mohammad Ali, who is charged with aggravated assault while working as an Army translator in Iraq. Mr. Ali, a dual Iraqi-Canadian citizen, is accused of stabbing another contractor during a fight February 23 on a military base in Iraq. "This is the first time a civilian will be tried by court-martial" under a 2006 congressional amendment allowing the military to prosecute crimes committed by civilians, the military said in a statement May 11. Ali "is being afforded all the same rights, protections and privileges service members receive in military court, including the right to counsel, right to speedy trial, protection against self-incrimination and presumption of innocence," the statement said.



POLITICAL - Governance & Legislation

Iraqi Government, Sadrists Negotiate Cease-Fire:

- Representatives from Muqtada al-Sadr's movement and the Iraqi government agreed to a cease-fire May 10 aimed at ending violence in Baghdad's Sadr City neighborhood, which has been ongoing for more than a month. The two sides formally signed the agreement May 12. Militants had until May 14 to completely implement the deal, which requires attacks against the International Zone, residential areas, and government buildings to stop. The agreement also forbids the public display of weapons by Sadrists. The government gains control of Sadr City and the right to arrest Mahdi Army members for whom it has warrants. Other militants not actively involved in the fighting will not be arrested. The Iraqi Army (IA) has the right to search the city for weapons. As long as attacks against the International Zone do stop, Coalition Forces will not be involved in military operations in Sadr City.

Iraqi PM Says Crackdown Shows He's Not Sectarian:

- Iraqi Prime Minister Nuri al-Maliki said May 12 that the crackdown on Shia militias in Basrah proves his government is not sectarian. The statement comes on the heels of Maliki's decision to order operations against Shia militias in the southern city of Basrah in late March. Maliki has consistently faced criticism from Sunnis that his policies favor Iraq's Shias over other ethnic communities. "The events of the past weeks have proven that we are neutral, not biased, that we did not take the side of this party or this sect against another," Maliki said. "We have also proven there is no security for any sect unless other sects can be guaranteed their security."



POLITICAL - Provincial

Efforts to Improve the GOI Project Selection Process and Budget Execution:

- In an effort to help the GOI design and implement appropriate projects, and to empower ministry decision makers with the skills to establish better selection criteria for proposed projects, USAID's Tatweer Project delivered an expert level "Feasibility Studies and Project Evaluation" course May 8 for civil servants from various ministries and the National Center for Consultancy and Management Development. The course was tailor-made to provide technical experts with the tools for project selection by helping participants understand the components of feasibility studies and how to conclude and present recommendations to senior management. Participants learned the processes of detailed economic feasibility analysis in environmental, legal, market, technical, financial, and social frameworks and methods of application to "real life" industrial, agricultural, and construction case studies. Providing civil servants with the skills to select feasible projects not only leads to improved budget execution, but will also allow the GOI to design and implement projects best suited to citizens' needs.



POLITICAL - Provincial

Refugee Resettlement Processing Begins in Baghdad:

- International Organization for Migration caseworkers began interviewing USG-affiliated Iraqi refugee applicants in the International Zone May 10. In the first four days, 25 individuals / 15 cases were interviewed. A total of 130 individuals / 67 cases are anticipated to be registered by month's end. This case load includes current and past Iraqi contractors, Iraqi NGO staff and their family members across the range of categories covered by the congressional legislation that mandated the program.

Advanced Strategic Planning Workshop Builds Skills of Anbar's Civil Servants:

- In cooperation with PRT Ramadi and USAID's Local Governance Program (LGP), USAID's Tatweer Project undertook a series of workshops May 1 for approximately 100 civil servants from Anbar province. Courses were offered in Advanced Strategic Planning, Information Technology, Procurement, and Communication & Leadership. During the workshop, the high level civil servants applied new strategic planning theories to real life provincial issues, including electric power sharing with neighboring provinces, social services, privatization, the development of an export processing zone, and central government cost-sharing on national highway construction. The Strategic Planning Workshop followed and expanded on a series of three previous Anbar training courses that were delivered in coordination with the Ministry of Agriculture.



POLITICAL - Provincial

Anbar Holds Civil Society Convention:

- The first convention for registered civil society organizations in western Anbar province was held April 24 in Al-Qaim. Fifteen civil society organizations participated in the convention, including the Rafid Foundation for Development and Relief, the Khayer Agricultural Organization from Anah, the Afkar Society for Development and Relief of Al Qaim, and the Women's Islamic Society of Iraq – Al-Qaim and Oubaydi branches. Also present were the Lawyer's Association for the Defense of Human Rights, and members of the Anbar Provincial Council. Attendees discussed future collaboration among civil society organizations, and a committee of five administrative members was nominated to focus on this coordination in the western area of Anbar. The organizations agreed to meet again in May to discuss internal bylaws of the newly formed umbrella non-governmental organization.



POLITICAL – Government of Iraq

Coalition Affiliation (at time of appointment)

United Iraq Alliance

Kurdistani Alliance

Iraqi Accord Front

Iraqi National List

Other / Independent

(F) = Female

*Formerly Tawafuq

**Formerly Sadrist/UIA

***Formerly Iraqiya

Prime Minister

Nuri al-Maliki

Deputy Prime Minister

* Vacant

Deputy Prime Minister

Barham Salih

President

Jalal Talabani

Deputy President

Tariq al-Hashimi

Deputy President

'Adil 'Abd al-Mahdi

Minister of Agriculture

Ali al-Bahadeli

Minister of Communications

*** Vacant

Minister of Culture

* Vacant

Minister of Defense

Abdul Qadir Muhammed
Jasim al-Mufraji

Minister of Displacement & Migration

Abd al-Samad Rahman
Sultan

Minister of Electricity

Karim Wahid

Minister of Education

Khudayyir al-Khuza'i

Minister of Environment

Narmin 'Uthman (F)

Minister of Finance

Bayan Jabr

Minister of Foreign Affairs

Hoshyar Zebari

Minister of Health

Saleh al-Hasnawi

Minister of Higher Education

* Vacant

Minister of Human Rights

Wijdan Mikha'il (F)

Minister of Industry & Minerals

Fawzi al-Hariri

Minister of Interior

Jawad al-Bulani

Minister of Justice

*** (Safa al Safi
acting)

Minister of Housing & Construction

Bayan Daza'l (F)

Minister of Labor & Social Affairs

Mahmud Muhammad
Jawad al-Radi

Minister of Oil

Husayn al-Shahristani

Minister of Planning

Ali Baban

Minister of Trade

Abd al-Falah al-Sudani

Minister of Science & Technology

Ra'id Fahmi Jahid

Minister of Municipalities & Public Works

Riyad Ghurayyib

Minister of Transportation

** Vacant

Minister of Water Resources

'Abd al-Latif Rashid

Minister of Youth & Sports

Jasim Muhammad Ja'far

Minister of State for Civil Society

* (Wijdan Mikha'il
Acting) (F)

Minister of State for National Dialogue Affairs

Akram al-Hakim

Minister of State for National Security Affairs

Shirwan al-Waili

Minister of State for Foreign Affairs

* Vacant

Minister of State for Governorates Affairs

Sa'd Hashim

Minister of State for Tourism and Antiquities

** Vacant

Minister of State for Women's Affairs

** (Narmeen Othman Acting)

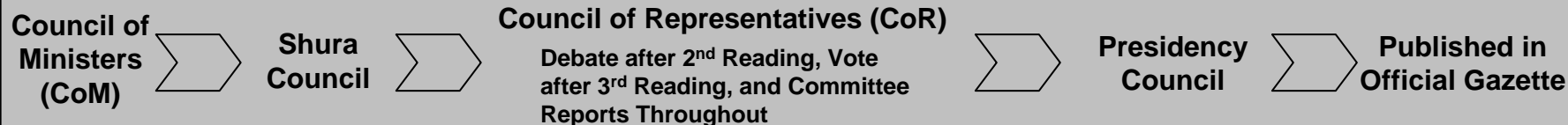
Minister of State for CoR Affairs

Safa al-Safi



POLITICAL – Key Legislation and Refugee Update

Legislative Process



| | |
|---------------------------|---|
| Provincial Elections | The CoR is currently considering the law, which will set the legal basis and structure of provincial elections. |
| Hydrocarbons Package | The level of control allocated to the central government in the July 2007 draft version of the Framework Law (currently in CoR Committee) is the key point of disagreement; there may be more progress on the Revenue Management Law, currently with the Shura Council, in the coming months. |
| Amnesty Law | PASSED: CoR approved the law on February 13; the law was signed by the Presidency Council February 26 and was implemented March 2. |
| Pensions Amendment | PASSED: Published in the Official Gazette December 2007. |
| De-Ba'athification Reform | PASSED: Approved by default by the Presidency Council February 2008. Published in the Official Gazette in mid-February. |
| Provincial Powers | PASSED: CoR approved the law on February 13; the law was vetoed by the Presidency Council February 26. The veto was rescinded on March 19, allowing the law to take effect. |

Refugee Update

Refugees in the region: 2-2.4 million

Internally displaced persons in Iraq: 2.2-2.4 million

Total number of Iraqi refugees admitted to the US during to date in FY07-FY08: 4,885



SECURITY - Situation Update

After Initial Violence, Cease-Fire Holds:

- Militants attacked US troops in Sadr City late May 12, despite a cease-fire signed that same day prohibiting attacks by the Mahdi Army. Iraqi Police cited 11 dead and 20 wounded. The US military confirmed six militant casualties, noting that US forces engaged after being attacked several times. The US military has said that most fighters engaged in the last seven weeks split away from the mainstream Mahdi Army, the majority of which is observing a cease-fire imposed by Sadr last August. Additionally, Shaykh Salah al-Obeidi, a Sadr aide, confirmed that the group would adhere to the cease-fire. He said that violations might occur and that both sides would have to work to prevent this from happening.

Iraqi Army (IA) Rejuvenates Basrah:

- Life in Basrah is significantly different than when operations against Special Groups and other militia elements there began in March. Shops and restaurants are reopening, thanks to the successes of the IA in clearing Special Groups strongholds. Activities once forbidden, such as playing music and wearing non-traditional clothing, are on the rise once again, and citizens cite significant improvements in their daily life since the arrival of IA forces. Cooperation from local citizens has led to the arrest of wanted criminals and the discovery of weapons caches. Now, local Iraqi Security Forces keep watch on the security situation as Coalition and government officials work to bring essential services back to Basrah.



SECURITY - Situation Update

Anbar Security Conference Held:

- The inaugural Anbar Security Conference took place May 8 in Fallujah. Participants included key leaders from the Iraqi army, police, Department of Border Enforcement, and the Provincial Security Force. The conference focused on Anbar's security situation and the organization of Iraqi Security Forces in the face of voter registration, upcoming provincial elections, and Provincial Iraqi Control.



SECURITY – Security Transition

Iraqi Police (IP) Improve Security in Wasit:

- IP have made significant gains in security across Wasit province in the last few months, and Provincial Director of Police Major General Hannin al-Ameer is responsible for many of the security gains. Al-Ameer used the mid-March efforts against Sadrist Special Groups in Basrah to assess the quality of the Wasit force and make strategic changes to improve morale, efficiency, and discipline. Since the staffing changes, Wasit IP now accompany Coalition Forces on patrols and have established a joint presence in the province with the Iraqi Army, leading to improved security and better quality of life for the province's residents.

Iraqi Army and Coalition Forces (CF) Conduct Joint Patrols:

- IA and CF now conduct joint patrols in North Babil, a region once overrun by al-Qaida insurgents. As IA and CF now monitor North Babil, fish farms, a major Babil industry, are reopening and preparing for economic aid. The joint patrols teach IA soldiers proper preparation and execution, while CF gain valuable knowledge about the area and its people from their Iraqi counterparts.



SECURITY – Security Transition

Ministry of Interior (MOI) to Invest in Police Infrastructure:

- The MOI will work with Coalition partners to build two new training centers in Baghdad, increasing training capacity by 3,800. Eighteen new expedient police stations will be open by June 2008 and 14 permanent stations will open in Baghdad by the end of 2008.

Iraqi Army Receives 100 Vehicles through Foreign Military Sales:

- A May 8 shipment of more than 100 specialty vehicles for the Iraqi Army included ambulances, cargo trucks, heavy equipment transports, utility trailers, and water trailers. The Iraqi government paid \$14 million for the equipment. The Ministry of Defense will disburse the vehicles to forces as needed and Coalition medics will train Iraqi counterparts on the new medical equipment included.



SECURITY - Iraqi Security Forces

| Iraq Security Forces as of March 31, 2008 ^a | | | |
|--|---|---------------------------------|--|
| Component | Current Authorized Personnel ^b | Assigned Personnel ^c | Total Trained Personnel to date ^d |
| Ministry of Interior (MoI) Forces ^e | | | |
| Iraqi Police Service ^f | 288,001 | 291,497 | 171,312 |
| National Police ^g | 33,670 | 37,685 | 45,019 |
| Border Enforcement | 38,205 | 40,329 | 28,978 |
| Total MoI | 359,876 | 369,511 | 245,309 |
| Ministry of Defense (MoD) Forces ^h | | | |
| Army | 154,757 | 165,437 | 193,159 |
| Support Forces | 15,583 | 18,275 | 20,569 |
| Air Force | 2,907 | 1,409 | 1,501 |
| Navy | 1,893 | 1,288 | 1,415 |
| Total MoD | 175,140 | 186,409 | 216,644 |
| Counter Terrorism Bureau | | | |
| Special Operations | 4,733 | 3,477 | 3,709 |
| Total Iraqi Security Forces | 539,749 | 559,397 | 465,662 |

****The decrease in authorized MoD forces from the April 30 report reflects a change in a temporary GOI policy to increase front line units to 120% of authorized end strength to maintain present-for-duty totals at 100% while soldiers took leave. This change will make ISF reporting consistent with standard military personnel accounting practices in other countries and provide a clearer representation of ISF manning levels.**

a Numbers do not include ministry staffs.

b Numbers reflect Government of Iraq (GOI) authorizations.

c Numbers are based upon GOI payroll data and do not reflect present for duty totals.

d Numbers reflect assigned personnel that have received training.

e Numbers reflect total ISF personnel trained to date, some of which are no longer assigned due to casualties, AWOL, and normal separation.

f MoI strength does not reflect investigative and administrative forces, the MoI HQ, MoI Forensics, Dignitary Protection, or contracted guards.

g MoI Police Support Unit, Provincial Security Force, and Emergency Response Unit personnel are part of the Iraqi Police Service and does not include other Ministry FPS.

h MoD strength is derived from Modified Tables of Organization and Equipment (MTOEs).



ECONOMIC – Economic & Government Capacity Update

Zain Iraq Signs Deal with Nokia Siemens:

- Mobile phone service provider Zain Iraq, the largest mobile phone service provider in Iraq, has signed a \$150 million deal with Nokia Siemens Networks to upgrade its network infrastructure to increase network capacity and capabilities. Under the terms of the deal, Nokia will take responsibility for several Zain Iraq networks. The project is expected to take no longer than 12 months for completion. Zain Iraq currently has 8 million subscribers and upon completion of the project will have the capacity for 12 million subscribers.

Iraq Economy Needs Aggressive Action:

- Iraq Minister of Planning and Development Cooperation, Ali Baban, said that the Iraqi economy needs decisive operations like those carried out by the Iraqi Security Forces recently. "Iraq needs an economic Knights' Assault and Lion's Roar, in addition to the decisive political and security decisions taken by the government with regard to Basrah province," Minister Baban said, referencing the recent military operations in Basrah and Ninewa. "The Iraqi government must formulate a vision for the next 20 years," Baban told Voices of Iraq during a recent conference on provincial development in Baghdad. The conference was held with the aim of forming a framework for management of provincial performance.



ECONOMIC – Economic & Government Capacity Update

Trade Shows Begin in the Area of the Kurdistan Regional Government (KRG):

- The area of the KRG will be the site of several trade shows over the next six months aimed at introducing products to the local economy and increasing business in the region. Seven trade shows will take place in Irbil and others will be held in Sulaymaniyah. The Irbil International Fair, the Italian Expo, and the Iranian Product Fair will all take place in the next two months. Abu Bangeen, Director of the Irbil International Fair Company, said that this year will feature the most extensive shows to date. He hopes that the shows will also assist business potential in areas of Iraq outside of the region.



ECONOMIC – Oil

Crude Oil Update:

Price averages in world markets closed with the following prices:

Basrah Light at \$112.782/ barrel

Dated Brent at \$121.90/barrel

WTI Cushing at \$122.998/ barrel

Oman/Dubai at \$114.936/barrel

Revenue estimates:

2006: \$31.3 Billion

2007: \$41.0 Billion

2008: \$23.9 Billion (ytd)

KRG Signs Deal with Oil Search:

- Oil Search, an oil and gas exploration company, has signed a deal with the KRG to drill two wells in the Shakal block in the region. The block is estimated to contain 250 million barrels of oil. Oil Search has historically focused on Papua New Guinea, having operated there since 1929. It is already part of a production-sharing agreement involving the Bina Bawi oil field, also located in the jurisdiction of the KRG. Oil Search's new deal grants the company a seven year exploration period and a 20 year extendable production period.



ECONOMIC – Oil

GOI Pursues Sixth Oil Deal:

- Vitol, Anadarko, and Dome oil companies have formed a consortium currently negotiating with the GOI for a technical service contract. The GOI has been working with other companies on five short-term technical service contracts, each with an approximate value of \$500 million. This sixth contract would involve the Luhais oilfield located in southern Iraq. The deal would increase production at Luhais from 50,000 barrel per day (bpd) to an estimated 150,000 bpd. The GOI hopes that the completion of all deals will result in an increase in output of 600,000 bpd, translating into a more than 25% increase in the country's daily production over a two year span. According to Dow Jones, Iraq's crude oil exports are significantly higher in 2008 than they were at this point in 2007; oil exports have risen 22%. An average of 1.92 million bpd have been exported from Iraq this year, with the bulk (approximately 1.5 million bpd) coming from southern Iraq.



ECONOMIC – Essential Services

Kirkuk Receives Waste Management Equipment:

- PRT and US military personnel in Kirkuk assisted local citizens with waste management equipment and instruction. The city has been plagued by waste and refuse which has littered the city due to a non-functioning waste-management system. US Air Force personnel trained 11 Iraqis on fluid, equipment and pre-operation checks for the new vehicles. The training will allow the Iraqis longer use of their equipment and the new equipment is expected to result in healthier living conditions for citizens.

Basrah Citizens Receive Vocational Training:

- 625 trainees are currently enrolled in vocational training in 11 different subjects at the Khur Az-Zubair and Abu Al-Khaseeb Vocational Training Centers in Basrah. Members of both provincial and local councils took part in workshops. Topics included team building, computer / IT, public procurement and contract management. Approximately 25 participants attended each course.



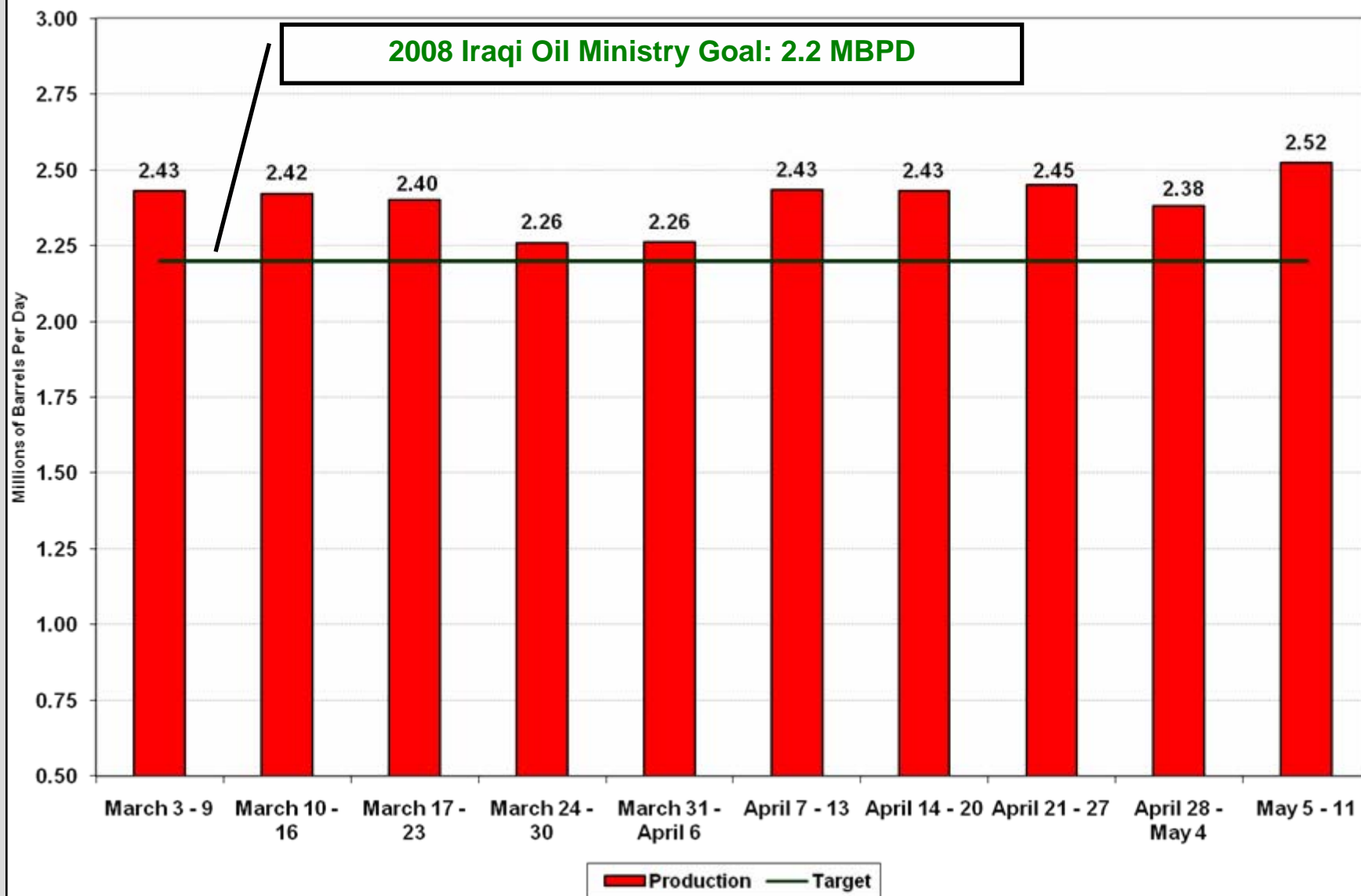
ECONOMIC – Essential Services

CDC Iraq Outbreak Investigation Course:

- The US Center for Disease Control and Prevention (CDC), the Iraqi Ministry of Health (MOH), and the World Health Organization (WHO) teamed up to host the Iraq Outbreak Investigation in early May. Students and professors were selected by the MOH from 13 of Iraq's provinces and received specialized training from CDC Epidemiological Investigative Service instructors. The MOH and WHO provided additional instruction and advisors for the case study groups. The course was the first multinational medical conference in Iraq since 2003. At the completion of the course, 42 Iraqi students were presented with a Certificate of Training by the MOH. The commencement address and graduation ceremonies were aired by two local TV stations.

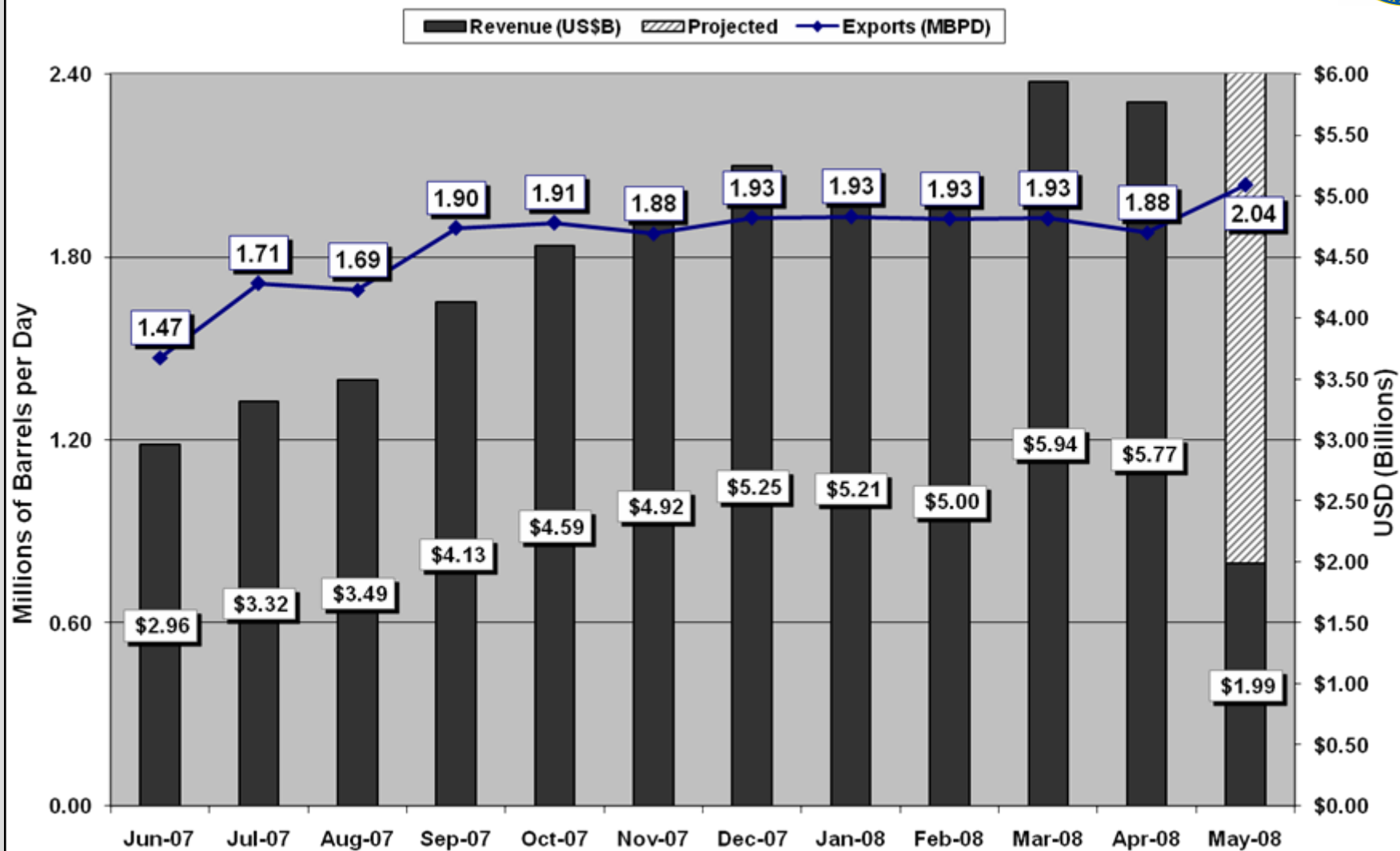


ECONOMIC – Crude Oil Production





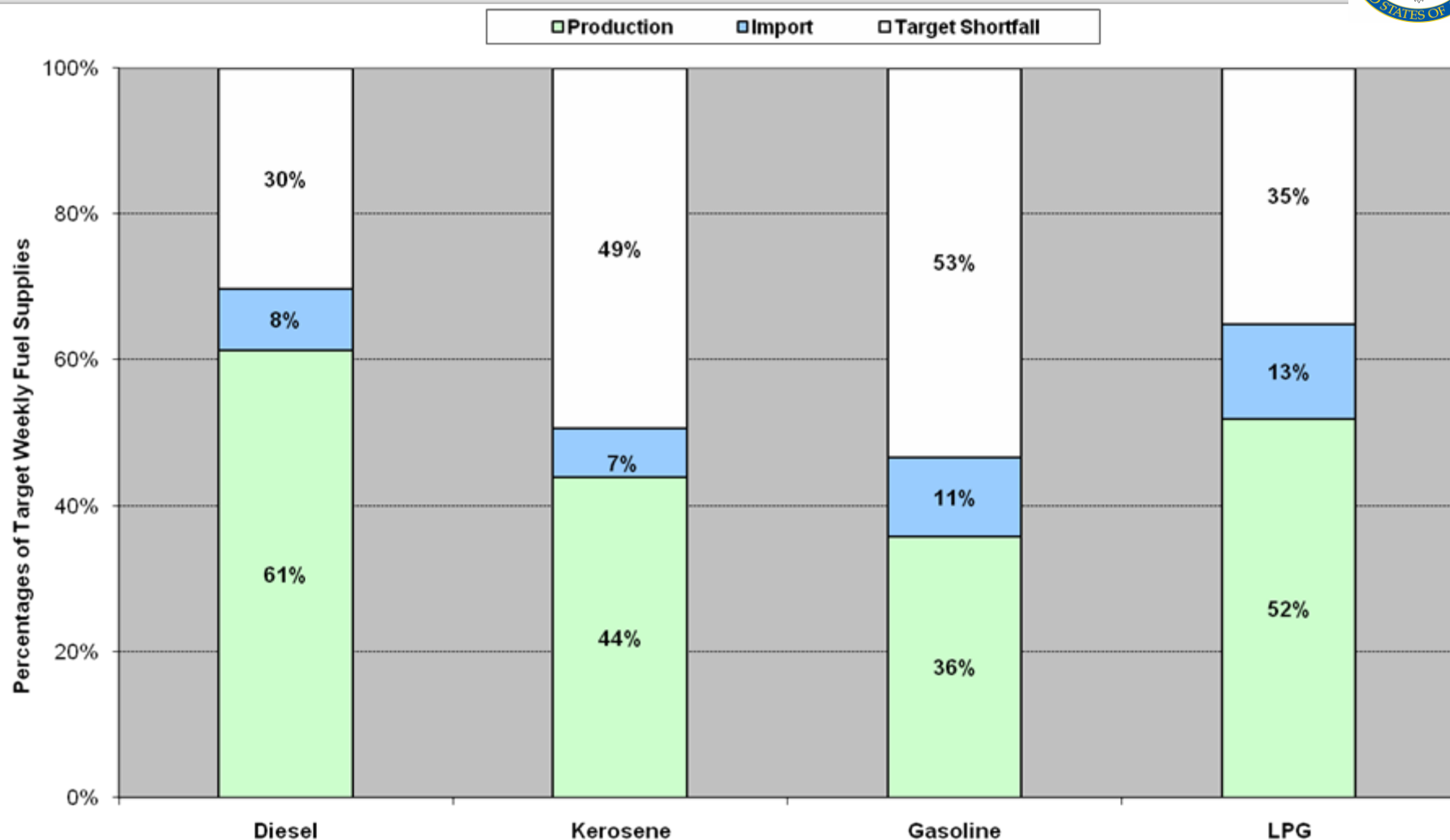
ECONOMIC – Crude Oil Export



- 2006 Revenue Estimate: \$31.3 Billion
- 2007 Revenue Estimate: \$41.0 Billion
- 2008 Revenue Estimate: \$23.9 Billion (ytd)



ECONOMIC – Total Critical Refined Product Supplies



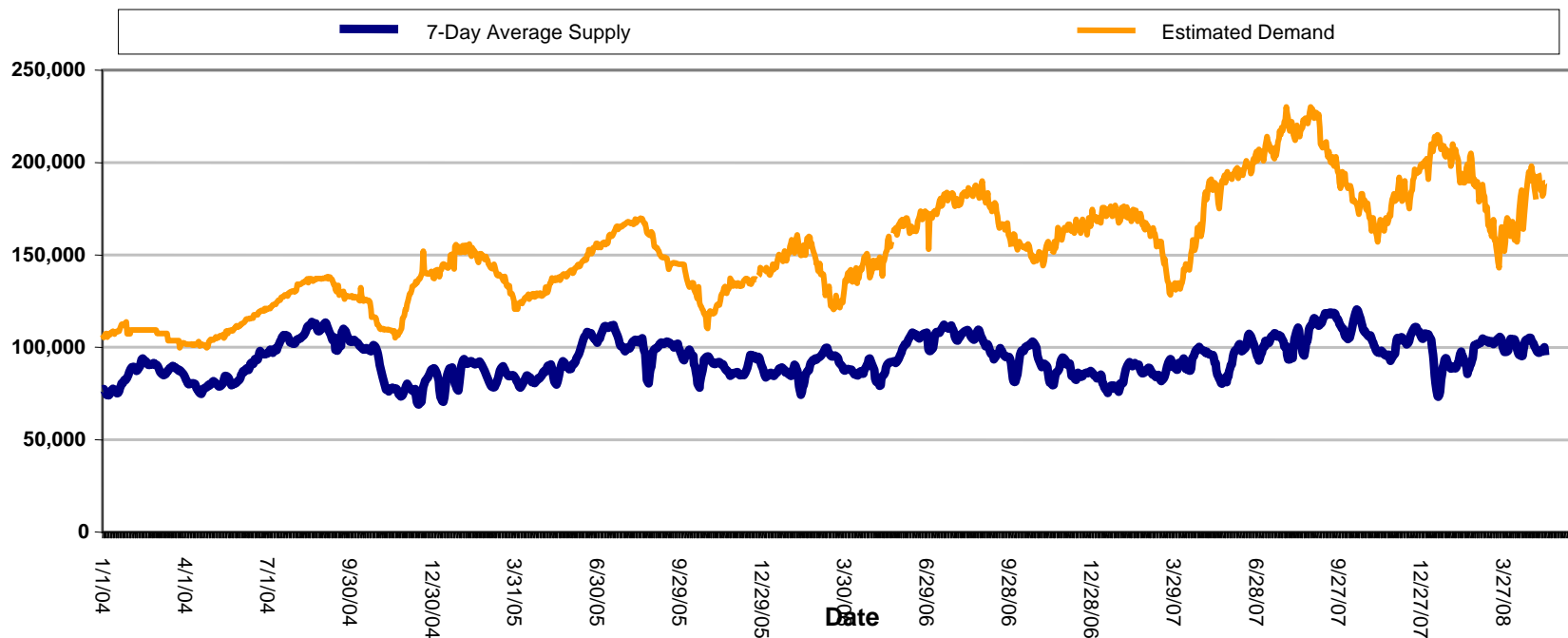
Note: This is a daily average for May 5 – 11

- Diesel: 17.1 ML supply of 24.5 ML target
- Kerosene: 7.4 ML supply of 14.6 ML target
- Gasoline: 12.5 ML supply of 26.8 ML target
- LPG: 3,314 tons supply of 5,100 tons target



ECONOMIC – Electricity

Daily Electricity Supplied and Estimated Demand in Iraq Since January 2004

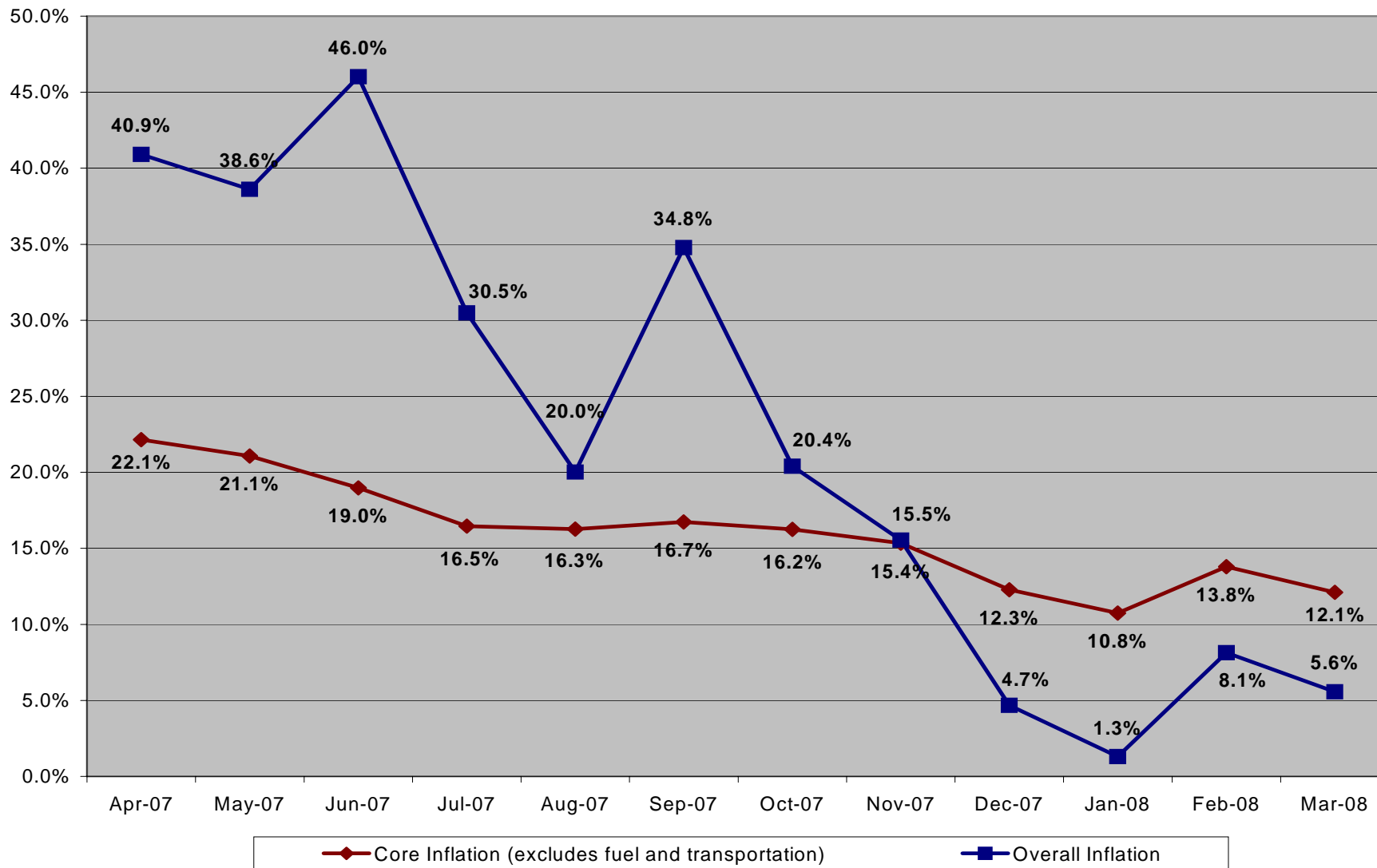


- Daily electricity demand May 6-12 was 1% below the same period last year. Daily supply from the grid was 5% above the year-earlier period and met 52% of demand, compared with 50% for the year-earlier period.
- For May 1-7, average hours of power from the grid after meeting demand from essential services were Baghdad: 7.8 and national 10.2. Year-ago levels were Baghdad 5.0 and national 10.4.



ECONOMIC – Economic Indicators

Year-on-Year Inflation





ECONOMIC – Economic Indicators

| Economic Indicator | This Week | Last Week | Last Month | Last Year |
|--|---------------|--------------|---------------|--------------|
| Iraqi Commercial Bond Sales | | | | |
| Price (USD) | \$70.40 | \$70.04 | \$70.44 | \$62.82 |
| Yield | 9.05% | 9.10% | 9.04% | 10.16% |
| Central Bank's USD Currency Auction | | | | |
| USD Sold | \$114,186,000 | \$86,976,250 | \$100,056,190 | \$66,957,492 |
| NID Exchange Rate | \$1,201 | \$1,202 | \$1,204 | \$1,254.00 |
| Total Employed by USG Programs | | | | |
| | 134,900 | 117,710 | 118,563 | N/A |



ECONOMIC - Iraq Relief and Reconstruction Fund (IRRF) 1 and 2

| Sector\Status | | | Committed | | | Obligated | | | Disbursed | | |
|------------------------------------|-----------------|--------------|-----------------|-----------------|-------------|-----------------|-----------------|-------------|-----------------|-----------------|-------------|
| | Allocated | Un-allocated | Last Week | Current | Change | Last Week | Current | Change | Last Week | Current | Change |
| (Millions of USD) | | | | | | | | | | | |
| Security and Law | \$4,975 | \$23 | \$4,954 | \$4,946 | -\$8 | \$4,953 | \$4,946 | -\$8 | \$4,867 | \$4,864 | -\$4 |
| Justice and Civil Society | \$2,288 | \$13 | \$2,239 | \$2,262 | \$23 | \$2,234 | \$2,257 | \$22 | \$2,158 | \$2,171 | \$13 |
| Electricity Sector | \$4,203 | \$22 | \$4,063 | \$4,066 | \$3 | \$4,050 | \$4,055 | \$5 | \$3,817 | \$3,829 | \$12 |
| Oil Infrastructure | \$1,722 | \$3 | \$1,597 | \$1,601 | \$4 | \$1,597 | \$1,597 | \$0 | \$1,573 | \$1,576 | \$3 |
| Water and Sanitation | \$2,065 | \$37 | \$1,969 | \$1,972 | \$2 | \$1,950 | \$1,950 | \$0 | \$1,797 | \$1,807 | \$10 |
| Transportation and Comm. | \$462 | \$1 | \$456 | \$458 | \$2 | \$455 | \$458 | \$2 | \$410 | \$412 | \$1 |
| Roads, Bridges and Constr. | \$327 | \$7 | \$317 | \$317 | -\$1 | \$317 | \$317 | -\$1 | \$250 | \$251 | \$1 |
| Health Care | \$813 | \$10 | \$783 | \$787 | \$4 | \$776 | \$777 | \$1 | \$730 | \$732 | \$2 |
| Private Sector Development | \$821 | \$2 | \$821 | \$820 | \$0 | \$821 | \$820 | \$0 | \$813 | \$814 | \$1 |
| Edu., Refugees, Human Rights | \$436 | \$0 | \$423 | \$431 | \$8 | \$423 | \$431 | \$8 | \$398 | \$407 | \$9 |
| Admin Expense (USAID,DoS) | \$220 | \$0 | \$210 | \$218 | \$8 | \$210 | \$218 | \$8 | \$210 | \$208 | -\$2 |
| Total IRRF II | \$18,330 | \$119 | \$17,832 | \$17,877 | \$45 | \$17,786 | \$17,824 | \$37 | \$17,023 | \$17,070 | \$47 |
| IRRF II Non-Construction | - | - | \$7,929 | \$7,956 | \$27 | \$7,912 | \$7,945 | \$33 | \$7,703 | \$7,724 | \$21 |
| IRRF II Construction | - | - | \$9,383 | \$9,402 | \$19 | \$9,355 | \$9,360 | \$5 | \$8,803 | \$8,829 | \$26 |
| IRRF II Overhead | - | - | \$520 | \$520 | \$0 | \$520 | \$520 | \$0 | \$517 | \$517 | \$0 |
| Total IRRF I | \$2,475 | \$0 | \$2,291 | \$2,291 | \$0 | \$2,232 | \$2,232 | \$0 | \$2,139 | \$2,139 | \$0 |
| Grand Total IRRF I & II | \$20,805 | \$119 | \$20,123 | \$20,168 | \$45 | \$20,019 | \$20,056 | \$37 | \$19,162 | \$19,209 | \$47 |



DIPLOMATIC – Economic Engagement

Iraqi Ambassador Addresses US / Iraq Funding:

- Iraq's Ambassador to the United States, Samir Sumaidaie, told CNN May 11 that his country is doing more to pay for its reconstruction and security. He said that as time goes on, "the money spent by the Americans on reconstruction or on our arms [armed] services will come down to zero and we'll take on the full load." The comments came as Congress presses Iraq to pick up more of its own costs. Ambassador Sumaidaie said the security situation in Iraq prevents many companies from doing work the GOI is willing to pay for. He added that the Iraqi government also has capacity problems and is not yet organized well enough to the point of spending money "under the right kind of controls."



DIPLOMATIC – Political Engagement

Iranian Newspapers Call for Iraqis to Oppose Strategic Framework with the US:

- Articles published May 12 in two newspapers affiliated with Iran's clerical establishment said "the US-cooked agreement turns Iraq into a full-fledged colony, so that Iraqi officials will be totally powerless but American military officials will have full powers to commit any action they want."

GOI Presses the US and Iran to Talk:

- The GOI has proposed four dates for tri-lateral talks between the US, Iran and Iraq, according to Iraq's Foreign Minister Hoshyar Zebari. The US has recently accused Iran of supporting Shia militias attacking US troops in Iraq. Iran has accused the US of targeting Shia areas. Three rounds of talks between the nations occurred last year, but the planned fourth round has been repeatedly delayed. Zebari said of the talks, "the idea is not dead ... we hope that we will be able to resume it. We think it's very useful, especially with the current circumstances of increased tension in the area."

US Position on Talks with Iran:

- While the US has been willing for some time to participate in further trilateral talks with Iran at the Iraqi government's request, it has said the burden is on Iran to cease its lethal support to Special Groups. Iran must take constructive steps to end the flow of arms and demonstrate its positive intentions toward Iraq.



DIPLOMATIC – Coalition Contributors

25 Countries with forces in Iraq (including US)

| | | | |
|--------------------|----------------|------------|----------------|
| Albania | Czech Republic | Kazakhstan | Poland |
| Armenia | Denmark | Korea | Romania |
| Australia | El Salvador | Latvia | Singapore |
| Azerbaijan | Estonia | Lithuania | Tonga |
| Bosnia-Herzegovina | Georgia | Macedonia | Ukraine |
| Bulgaria | Japan | Mongolia | United Kingdom |

TOTAL ~ 9,907 Forces

31 Countries and NATO* (including the US) **Support Iraqi Stability Operations**

*31 includes the US, the 25 countries listed above, and six non-MNF-I countries: Hungary, Italy, Netherlands, Portugal, Slovenia, Turkey

Note: Fiji and New Zealand, participating as a part of the UN Assistance Mission in Iraq (UNAMI), are not included.



CONTACT INFORMATION

- This brief draws from multiple sources. References are cited on the following pages.
- Please forward all questions and/or comments to:
NEA-I-IPOG-DL@state.gov



NOTES AND SOURCE CITATIONS (1 of 3)

Slide 4:

- Time Magazine, May 13: <http://www.time.com/time/politics/article/0,8599,1739633,00.html?xid=rss-topstories>
- AP, May 11: http://hosted.ap.org/dynamic/stories/I/IRAQ_CONTRACTOR_HEARING?SITE=DCUSN&SECTION=HOME&TEMPLATE=DEFAULT

Slide 5:

- New York Times, May 11: <http://www.nytimes.com/2008/05/11/world/middleeast/11iraq.html?pagewanted=1&ref=middleeast>
- AP, May 12: http://news.yahoo.com/s/ap/20080512/ap_on_re_mi_ea/iraq
- Reuters, May 12: http://news.yahoo.com/s/nm/20080512/wl_nm/iraq_dc&printer=1;_ylt=ApoQWnZSmsylQd_RO07MWmNn.3QA

Slide 6:

- US Embassy Baghdad, May 12

Slide 7:

- US Embassy Baghdad, May 12
- Department of State, NEA/I Political Section, NEA-I-POL-DL@state.gov

Slide 8:

- NEA/I Political Section, NEA-I-POL-DL@state.gov

Slide 9:

- NEA/I Political Section, NEA-I-POL-DL@state.gov

Slide 10:

- NEA/I Political Section, NEA-I-POL-DL@state.gov

Slide 11:

- Reuters, May 13: http://news.yahoo.com/s/nm/20080513/wl_nm/iraq_violence_dc
- AP, May 13: http://news.yahoo.com/s/ap/20080513/ap_on_re_mi_ea/iraq
- MNF-I, May 12: http://www.mnf-iraq.com/index.php?option=com_content&task=view&id=19310&Itemid=128
- New York Times, May 12: http://www.nytimes.com/2008/05/12/world/middleeast/12basra.html?_r=2&ref=world&oref=slogin&oref=slogin

Slide 12:

- MNF-I, May 9: http://www.mnf-iraq.com/index.php?option=com_content&task=view&id=19245&Itemid=21

Slide 13:

- MNF-I, May 12: http://www.mnf-iraq.com/index.php?option=com_content&task=view&id=19313&Itemid=1
- MNF-I, May 11: http://www.mnf-iraq.com/index.php?option=com_content&task=view&id=19301&Itemid=109



NOTES AND SOURCE CITATIONS (2 of 3)

Slide 14:

- MNF-I, May 11: http://www.mnf-iraq.com/index.php?option=com_content&task=view&id=19300&Itemid=109
- MNF-I, May 10: http://www.mnf-iraq.com/index.php?option=com_content&task=view&id=19251&Itemid=128
- DoD Input to Iraq Weekly Status Report May 14, 2008

Slide 16:

- Arabian Business, May 13: <http://www.arabianbusiness.com/518925-zain-iraq-to-upgrade-network-with-nokia-siemens?ln=en>
- Voices of Iraq, May 13: http://www.iraqupdates.com/p_articles.php/article/31015

Slide 17:

- KRG, May 13: http://www.iraqupdates.com/p_articles.php/article/31025

Slide 18:

- Department of State, NEA Iraq Office, May 14, 2008
- Herald Sun, May 13: http://www.iraqupdates.com/p_articles.php/article/31028

Slide 19:

- Reuters, May 7: http://www.reuters.com/article/reutersComService_3_MOLT/idUSL0759406020080507
- Nasdaq, May 12:
<http://www.nasdaq.com/aspxcontent/NewsStory.aspx?cpath=20080512\ACQDJON200805120305DOWJONESDJONLINE000058.htm&&mypage=newsheadlines&title=Iraq%201Q%20'08%20Oil%20Exports%20+22%%20On%20Year%20At%201.92%20Million%20B/D%20-%20SOMO%20Chief>

Slide 20:

- UPI, May 13: http://www.upi.com/International_Security/Emerging_Threats/Briefing/2008/05/13/kirkuk_waste_services_get_upgrade/1038
- Department of State, NEA/I Economic/Assistance Section, NEA-I-ECON-DL@state.gov

Slide 21:

- US Embassy Baghdad, May 14, 2008

Slide 22:

- Department of State, NEA/I Economic/Assistance Section, NEA-I-ECON-DL@state.gov

Slide 23:

- Department of State, NEA/I Economic/Assistance Section, NEA-I-ECON-DL@state.gov

Slide 24:

- Department of State, NEA/I Economic/Assistance Section, NEA-I-ECON-DL@state.gov

Slide 25:

- Department of State, NEA/I Economic/Assistance Section, NEA-I-ECON-DL@state.gov



NOTES AND SOURCE CITATIONS (3 of 3)

Slide 26:

- Department of State, NEA/I Economic/Assistance Section, NEA-I-ECON-DL@state.gov
- The chart shows average daily power production in megawatt hours (MWh). 120,000 MWh goal equates to 20 hours at 6000 MW average supplied load or 24 hours at 5000 MW average supply load.

Slide 27:

- Department of State, NEA/I Economic/Assistance Section, NEA-I-ECON-DL@state.gov
- Iraqi Bond Prices sourced from Bloomberg

Slide 28:

- ITAO Weekly Status Report – May 14, 2008

Slide 29:

- AFP, May 11: http://news.yahoo.com/s/afp/20080511/wl_mideast_afp/usiraqcongresspoliticsbudget

Slide 30:

- AP, May 13: http://news.yahoo.com/s/ap/20080512/ap_on_re_mi_ea/iran_iraq_us
- McClatchy, May 7: http://news.yahoo.com/s/mcclatchy/20080507/wl_mcclatchy/2932459
- Department of State, NEA/I, May 12, 2008

Slide 31:

- DoD Input to Iraq Weekly Status Report May 14, 2008